process so that ground realities of the States like Himachal Pradesh are adequately addressed. All these interventions are aimed at ensuring access to quality health services to the poorest of the poor in the most difficult and underserved areas in the states.

Rationalising of fertilizer subsidy

*14. SHRI RAHUL BAJAJ: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) what measures his Ministry is taking to reduce and rationalize the fertilizer subsidy; and

(b) what have been the negative effects of the subsidy on rational use of fertilizers in the country?

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI RAM VILAS PASWAN): (a) and (b) Fertilizers subsidy is the difference between the normated delivered cost of fertilizer at farm-gate level and the notified selling prices of subsidized fertilizer. The fertilizer subsidy has been increasing over the last few years due to sharp international prices of raw materials/feed stock. Government has been encouraging investments in fertilizer sector in resource rich countries abroad in order to insulate the future supplies of raw materials/feedstocks from the volatilities of international market. Further, a number of steps have been taken in both urea and phosphatic sector to improve the efficiency of the indigenous production within the country and consequently lead to reduction in subsidy.

Under New Pricing Scheme (NPS) Stage-III, for urea manufacturing units in the country, all the non-gas based units have been mandated to convert to gas by March, 2010. The energy norms for the production of urea has been tightened as compared to NPS Stage-II. The production of urea above 100% of the reassessed capacity has been encouraged through an incentivisation policy. Further, a policy for attracting new investments in Urea Sector has also been notified recently with an aim to encourage indigenous production of urea below import parity price and consequently savings in subsidy outgo.

In phosphatic sector, the concession scheme with effect from 1st April, 2008, has been notified based on the latest recommendations of the Tariff Commission updating the conversion cost of phosphatic fertilizers and consequently reducing fertilizer subsidy.

As regards rational use of fertilizers, a Group of Ministers (GoM) was constituted to look into the sustainable use of fertilizers and pertinent subsidy and pricing issues. The GoM has given a set of recommendations to promote rational application of fertilizers in order to increase agricultural productivity. In pursuance of GoM recommendations, number of policy decisions *Inter-alia* including policy for production and availability of coated/fortified fertilizer in the country; inclusion of sulphur under the subsidy regime; rationalization of selling prices of subsidized fertilizers has been taken by the Government over the last one year to promote rational use of fertilizers.